

Independent Centers & Sponsors of Affiliated Centers

Independent centers and Sponsors of Affiliated Centers will use the same budget format. Variations for sponsors of affiliated centers only will be **highlighted**.

**Pages 1 & 2**

Page one and half of page two are for your information, which is intended to help prepare an acceptable budget. Note the red line in the middle of page 2. Many organizations have trouble determining the non-Program funds needed for the food service:

**Total Program Costs** [Line 4a, bottom of the first column] **MINUS** **total food service income** [Line 1(d), first column] **EQUALS** **non-Program funds needs to support the food service** (enter on line 1(e))

The Data Collection chart on the bottom of page two is only required for Sponsors of Affiliated Centers. You will describe the method you will use for the collection of each of the listed forms prior to submitting the claim for reimbursement.

**Page 3**

1. This section will help you determine the estimated annual CACFP reimbursement. All NEW institutions must use the chart to determine estimated reimbursement. Renewing institutions may complete the chart or use actual reimbursement from the prior year. If you choose to use past reimbursement, please write **ACTUAL** across the chart. In either case, the estimated annual reimbursement will be entered on line 1(a) of the budget in the first column. Also, there is a section to calculate cash-in-lieu of commodities. *Institutions received additional cash for every lunch and/or supper served because Indiana does not offer USDA Foods (commodities) to CACFP institutions.* Total estimated cash-in-lieu of commodities should be entered on line 1(b) of the budget in the first column.
2. Regulations require that sponsors of centers may not use more than 15% of the meal reimbursement to pay for administrative costs. When you calculate your administrative expenses, this amount will guide you in dividing the costs between Program funds and non-program funds. Independent centers can use this concept to help prepare their budget also.

**Page 4**

3. This section of the budget is to calculate the anticipated Administrative Labor cost. List each administrative staff, their CACFP job duties, number of persons in each position, hours per week spent on CACFP, number of weeks the program operates, and wages per hour. Multiply across the row to determine the annual budget amounts. You may only include the CACFP portion of each person's work, not the entire salary. It is extremely rare to have administrative staff that works full time on CACFP. **Only sponsors of affiliated centers can have costs related to monitoring.**
4. Next we will determine the anticipated Operational Labor cost. This pertains to the preparation and serving of meals and snacks. It includes cooks, cooks helpers, staff that document, serve, and clean up meals and snacks, and staff that clean the kitchen and empty trash. Cooks and cooks helpers could be full time CACFP employees. Most often teachers and helpers document and serve meals—you could only include a portion of their pay on CACFP. The same applies to the janitor. As with administrative labor, multiply across each line to get the annual budgeted amount.

**Page 5**

5. Next we will look at food costs. All NEW institutions must use the chart to determine estimated reimbursement. Renewing institutions may complete the chart or use actual reimbursement from the prior year. If you choose to use past reimbursement, please write the word **ACTUAL** across the chart.

In section 1, you already figured the attendance for each meal type and the average number of days per month the facility is open. Enter these two numbers in the top row of the last column. Most facilities claim breakfast, lunch and one snack. If you claim more meals than this, you will have to complete more than one page 5. Remember all snacks receive the same reimbursement and supper is reimbursed the same as lunch.

Pick common meals that are served at your facility or pick the children's favorite of each meal type. List the food items served and then determine the cost for one serving. You will take the total cost for the food item and divide it by the number served. For example, a 5-pound bag of whole wheat spaghetti costs \$6.40. Let's say you get 40 servings from on bag.  $\$6.40 \text{ (total cost)} \div 40 \text{ (number of servings per bag)} = 16\text{¢}$  per serving. You will do this for each food item. If you are not sure, for example, how many bananas are in a pound, check the [Food Buying Guide](#).

Total the cost per meal. Multiply the total cost per meal times the average attendance times the number of days open per month. Looking at the example for breakfast:

$$.70 \times 50 = \$35.00 \times 22 \text{ days} = \$770.00 \text{ per month for breakfast}$$

Complete this calculation for each meal type claimed.

To figure your estimated annual food cost, add the monthly costs for each meal type. Multiply by 12 to get the estimated cost for one year. Of course, if your facility operates less than 12 months per year, you will use the number of months you actually operate.

Enter the estimated annual food cost on line 1(a) under Operational Costs, first column.

6. This area calculates the estimated annual non-food costs. All NEW institutions must use the chart to determine estimated non-food costs. Renewing institutions may complete the chart or use actual non-food costs from the prior year. If you choose to use past expenses, please write the word **ACTUAL** across the chart. Some common non-foods costs are listed. You may have others.

Enter the estimated annual non-food cost on line 1(c) under Operational Costs, first column.

**Page 6**

CACFP will only pay its share of costs that benefit more than one program. On page 6 you will determine how to divide costs fairly.

The first chart lets you determine a fair formula to divide overhead costs between CACFP and other day care program costs. In Method #1, you will compare total CACFP labor to total labor for the operation of your day care facility. This gives you a percent. In the example, you can see based on labor, one can charge 30% of overhead costs to CACFP. If you use the hours shared method (#2) you see the CACFP percent is 25%. For the remainder of the page, you see that the maximum amount of each cost that can be charged to CACFP is 30%.

In the lower sections of page 6, you see several common overhead costs listed. In the first column enter the cost per month that the facility pays. Multiply this by 12 for the annual cost. Now, take the annual total times 30% (multiply by .30). This gives you the maximum amount that can be paid for the year with CACFP funds. Rent, utilities, and trash are considered overhead costs. Enter this number on line 3(a) in the first column.

Below that are several administrative costs that should be divided between day care activities. You will enter the amount in the last column on the line under administrative costs in the first column—again this is the maximum amount that can be paid for with CACFP funds for the year.

**Page 7**

This is the budget summary page. On this page, you will organize your income and expenses, and then this is the data you will enter on the online budget in the CNPweb®.

On the top of the budget summary, enter the Sponsor name and ID number and the number of centers the budget is based upon. Also, enter the correct dates for the fiscal year.

So far figures have only been entered in the first column. Add CACFP reimbursement and Cash-In-Lieu of Commodities. Enter the total on line 1(d) Total Food Service Income in the first column.

Next, work with Operation Costs—total the costs listed in this section and write the total on line (1g), first column, Total Operational Costs. Do the same for the Administrative Costs and write the total on line (2j) in the first column—Total Administrative Costs. Total General Overhead Costs have already been entered on line 3(a). To determine the total program costs, add line 1g + 2j + 3a. Enter total Program costs on line 4a in the first column.

Now, let's determine how much non-Program funds we need to maintain the food service operation. Remember:

***Total Program Costs*** [Line 4a, first column] **MINUS** ***total food service income*** [Line 1(d), first column]  
**EQUALS** ***non-Program funds needs to support the food service*** (enter on line 1(e))

Looking at the example:

<u>\$264,942.00</u>	<b>MINUS</b>	<u>\$61,449.80</u>	=	<u>\$203,452.20</u>
Total Program Costs		Total Food Service Income		Non-program funds needed for food service

To simplify the budget, the non-Program funds have been rounded to \$203,500.00.

Go back to the Budget Summary (page 7). Enter your total non-Program funds on line 1(e) in the first column. Then total all the numbers in the first column to get the total funding available for the food service. This is the total money you have determined to be available to operate the food service at your center(s).

The middle column of the Budget Summary (page 7) shows CACFP funds that are received and how they will be spent. You will show that CACFP funds the reimbursement and the cash-in-lieu of commodities (refer to the example). Put the totals on line 1(d) and 1(f). Looking at our example, the total of CACFP

funds is \$61,449.80—this is the most money I can spend in the middle column. The easiest way to do this is to apply CACFP money to food costs, non-food costs, and operational labor. CACFP will cover all of the food and non-food costs and a part of the operational labor. The rest of the operational labor will be paid for with non-Program funds (3<sup>rd</sup> column). The middle column is done. The total CACFP funds available will be spent for food, non-food, and operational labor costs. No additional costs can be paid for with CACFP funding.

All of the remaining costs must be paid for with non-Program funds, which means they will be listed in the third column. **On the Budget Summary (page 7): the total annual costs (1<sup>st</sup> column) minus the CACFP funded expenses (2<sup>nd</sup> column) equal the amount that must be paid for with non-program funds (3<sup>rd</sup> column). This applies to every line item.**

Everything balances. There is a difference of \$7.80 because I rounded the amount of non-program funds required for the food service.

Be sure to enter the information for the person who prepared the budget in case we have questions.

Finally, be sure you keep a copy of the budget work pages for your records.

Information is available on [How to Enter the Budget](#) in the resources section of the CNPweb®.

For assistance with the CACFP budget process, please contact the CACFP Staff:

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